Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Message Text

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PAGE 01 STATE 200292
ORIGIN EA-10

INFO OCT-01 ISO-00 SS-15 PM-05 SP-02 L-03 INR-07 /043 R

DRAFTED BY EA/TIMBS:DLFIELD
APPROVED BY EA/TIMBS:REFRITTS
EA/EP - MR. GEBER (DRAFT)
E:LROSS -
----------017246 231418Z /41
P R 231356Z AUG 77
FM SECSTATE WASHDC
TO AMEMBASSY KUALA LUMPUR PRIORITY
INFO AMEMBASSY BANGKOK
AMEMBASSY JAKARTA
AMEMBASSY MANILA
AMEMBASSY SINGAPORE

C O N F I D E N T I A L STATE 200292

E.O. 11652:XGDS-1

TAGS: PFOR, ECIN, EINV, EMIN, MY, US

SUBJECT:MALAYSIAN AMBASSADOR'S CALL ON UNDER SECRETARY COOPER

BEGIN SUMMARY: DURING A CALL BY THE MALAYSIAN AMBASSADOR ON UNDERSECRETARY COOPER, THE PRIMARY SUBJECT DISCUSSED WAS THE UPCOMING US-ASEAN TALKS AND THE FUTURE OF ASEAN. SPECIFIC ISSUES LIKELY TO BE RAISED BY THE U.S. OR ASEAN DELEGATES DURING THE MEETING INCLUDE: THE CURRENT OUTLOOK FOR SOUTHEAST ASIA; NORTH/SOUTH ISSUES; COMMODITIES (MALAYSIA IS, OF COURSE, PARTICULARLY INTERESTED IN TIN, PALM OIL AND RUBBER); AND FOREIGN INVESTMENT. END SUMMARY.

1. MALAYSIAN AMBASSADOR ZAIN PAID A COURTESY CALL ON THE UNDER SECRETARY FOR ECONOMIC AFFAIRS ON THURSDAY, AUGUST 18.
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 200292

AMBASSADOR ZAIN OPENED A DISCUSSION OF THE UPCOMING US-ASEAN CONSULTATIONS BY ASKING FOR THE U.S. VIEW OF THE TALKS, AND WHETHER OR NOT THE RECENT KUALA LUMPUR SUMMIT HAS AFFECTED U.S. THINKING ON THE DIALOGUE. UNDER SECRETARY COOPER REPLIED THAT WE SEE NOTHING IN THE RESULTS OF THE SUMMIT TO SUGGEST REDESIGNING THE TALKS, AND THAT IT IN FACT HAS REINFORCED THE DESIRABILITY AND

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

IMPORTANCE OF THIS NEW DIALOGUE.

2. MR. COOPER INDICATED THE U.S. WISHES TO SHARE VIEWS ON THE GLOBAL ECONOMIC OUTLOOK AS WELL AS ON THE OUTLOOK IN SOUTHEAST ASIA, TRADE ISSUES, NORTH/SOUTH ISSUES (INCLUDING BUT NOT LIMITED TO COMMODITIES), AND THE FUTURE OF ASEAN. THE UNDER SECRETARY COMMENTED THAT ASEAN APPEARS TO BE STARTING IN A MEASURED WAY, NOTING THAT MOST ATTEMPTS AT REGIONAL INTEGRATION HAVE GONE TOO FAST, AND WHEN CONFRONTED WITH POLITICAL DIFFICULTIES HAVE FALLEN APART. SPEAKING AS A STUDENT OF REGIONAL INTEGRATION EFFORTS RATHER THAN A DEPARTMENT OFFICIAL, COOPER OBSERVED THAT ASEAN MAY BE MAKING A MISTAKE IF IT WOULD MAKE INDUSTRIAL SITING THE CENTERPIECE OF ITS INTEGRATION PROGRAM; RATHER IT SHOULD AIM AT DEVELOPING A THICK WEB OF COOPERATION AND COORDINATION ACTIVITIES OVER A WIDE RANGE OF ECONOMIC TOPICS. HE REFERRED TO HIS EXPERIENCE WITH CENTRAL AMERICAN AND LATIN AMERICAN EFFORTS AT REGIONAL INTEGRATION.

3. THE AMBASSADOR OUTLINED THE BACKGROUND OF RECENT ASEAN DEVELOPMENTS, SAYING THAT BEFORE THE BALI SUMMIT MALAYSIA PLAYED THE THANKLESS ROLE OF A MIDDLEMAN BETWEEN SINGAPORE AND INDONESIA. IN DECIDING BETWEEN PREFERENTIAL TRADE ARRANGEMENTS AND JOINT INDUSTRIES, SINGAPORE FAVORED TRADE PREFERENCES, BUT INDONESIA OPPOSED THIS TYPE OF CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 200292

COOPERATION. ACCORDINGLY, MALAYSIA EMPHASIZED JOINT INDUSTRIES, AND THIS WAS REFLECTED AT BALI. SINCE THEN, SINGAPORE HAS BECOME INTERESTED IN JOINT INDUSTRIES. AT THE KUALA LUMPUR SUMMIT, PRIME MINISTER LEE EXPRESSED HIS DISAPPOINTMENT THAT MORE PROJECTS HAVE NOT BEEN INITIATED.

4. AMBASSADOR ZAIN ADVISED MR. COOPER TO EXPECT MALAYSIAN OFFICIALS AT THE MANILA MEETING TO HAVE QUITE SPECIFIC QUESTIONS FOR THE U.S. DELEGATION. THE QUESTIONS WILL LIKELY INCLUDE THE SUBJECT OF COMMODITY AGREEMENTS AND PROCEDURES, SUCH AS U.S. TIN STOCKPILING POLICY, PROSPECTIVE U.S. TIN CONTRIBUTION TO THE INTERNATIONAL STOCKPILE, MALAYSIAN PALM OIL EXPORTS, AND RUBBER STABILIZATION. WITH REGARD TO TIN, MR. COOPER STATED HE HAD HEARD THAT PRODUCING COUNTRIES WOULD NOW WELCOME SALES FROM STOCKPILES. AMBASSADOR ZAIN CONFIRMED THIS REPORT AND ADDED THAT MALAYSIAHAS STATED THAT THE CURRENT PRICE OF TIS TOO HIGH. HE ALSO EXPRESSED THE PESSIMISTIC VIEW THAT CONGRESS PROBABLY WILL NOT PASS THE TIN STOCKPILE DISPOSAL BILL UNTIL NEXT YEAR, A SITUATION WHICH WORRIES THE MALAYSIAN GOVERNMENT A GREAT

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

DEAL. THE UNDER SECRETARY INDICATED THAT THE U.S. HAS NOT YET FOCUSED ON A NATIONAL STOCKPILE POLICY AS AN ISSUE AND THAT WE WILL NOT BE ABLE TO GIVE DEFINITIVE ANSWERS AT THE MANILA MEETING. THE AMBASSADOR ASKED WHETHER OR NOT THE U.S. SEES A FOLLOW-UP TO THE US-ASEAN TALKS. MR. GEBER REPLIED THAT WE HAVE JUST LEARNED THAT ASEAN IS THINKING IN TERMS OF HAVING THE NEXT US-ASEAN MINISTERIAL MEETING NEXT MARCH. WE HAVE NOT THOUGHT THIS QUESTION THROUGH COMPLETELY, BUT IT SEEMS TO US SOMEWHAT EARLY; WE EXPECT THAT SOME WORKING LEVEL FOLLOW-UP MAY IN FACT BE NEEDED IN A NUMBER OF AREAS, E.G. ON AID OR FACILITATION OF PRIVATE SECTOR CONTACTS. THE MINISTER-IAL MEETING MAY BEST AWAIT PROGRESS ON SOME OF THE
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CONFIDENTIAL

PAGE 04 STATE 200292

WORKING LEVEL ACTIVITIES.

5. ON THE SUBJECT OF INVESTMENT, MR. COOPER STATED THAT THE U.S. WILL TAKE ITS CUE FROM THE ASEAN COUNTRIES, AND ASKED WHETHER OR NOT ASEAN IS MOVING TOWARD A COMMON VIEW. AMBASSADOR ZAIN REPLIED THAT THE VIEWS ON U.S. TAX DEFERRAL ARE COMMON AMONG ALL 5 COUNTRIES, BUT THAT NO MACHINERY YET EXISTS FOR DISCUSSING ASEAN-WIDE DEVELOPMENT POLICIES. WHEN MR. COOPER OFFERED THE IMPRESSION THAT MALAYSIA IS NOT EXTREMELY ACTIVE IN THE NORTH/SOUTH DIALOGUE, AMBASSADOR ZAIN AGREED, NOTING, HOWEVER, THAT MALAYSIA HAS BEEN ACTIVE ON COMMODITY ISSUES. THE UNDERSECRETARY INDICATED THE U.S. WISHES TO DISCUSS HOW VARIOUS ASPECTS OF THESE CONSULTATIONS LOOK TO ASEAN -- INCLUDING COMMODITY ISSUES, A COMMON FUND, THE DEBT, PALM OIL, AND THE GENERAL DIRECTION OF THE DIALOGUE. MR. COOPER ALSO NOTED THE DIFFICULTIES FOR THE U.S. PRESENTED BY COUNTRIES WHICH TAKE DIFFERENT AND SOMETIMES INCONSISTENT POSITIONS IN MULTILATERAL VERSUS BILATERAL FORA. THE AMBASSADOR REPLIED THAT THE MALAYSIAN GOVERNMENT IS RELATIVELY WELL INTEGRATED AND THAT WHAT IS SAID IN ONE FORUM HOLDS IN ANOTHER. CHRISTOPHER

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Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Message Attributes

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Disposition Date: 22 May 2009
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Subject: MALAYSIAN AMBASSADOR\'S CALL ON UNDER SECRETARY COOPER BEGIN SUMMARY: DURING A CALL BY THE MALAYSIAN AMB
TAGS: PFOR, ECIN, EINV, EMIN, MY, US, ASEAN, (COOPER, RICHARD N), (ZAIN AZRAAI BIN ZAINAL ABIDIN)
To: KUALA LUMPUR
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/9ac7de55-c288-dd11-92da-001cc4696bcc
Review Markings:
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22 May 2009
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